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REPORT OF THE ECONOMIC AND SOCIAL COUNCIL

NECESSITY OF ENDING THE ECONOMIC, COMMERCIAL AND FINANCIAL EMBARGO IMPOSED BY THE UNITED STATES OF AMERICA AGAINST CUBA

COOPERATION BETWEEN THE UNITED NATIONS AND THE LATIN AMERICAN ECONOMIC SYSTEM

THE SITUATION OF DEMOCRACY AND HUMAN RIGHTS IN HAITI

OPERATIONAL ACTIVITIES FOR DEVELOPMENT

TRAINING AND RESEARCH

AGENDA FOR DEVELOPMENT

ELIMINATION OF RACISM AND RACIAL DISCRIMINATION

SOCIAL DEVELOPMENT, INCLUDING QUESTIONS RELATING TO THE WORLD SOCIAL SITUATION AND TO YOUTH, AGEING, DISABLED PERSONS AND THE FAMILY

INTERNATIONAL DRUG CONTROL

Letter dated 23 September 1994 from the Permanent Representative of Panama to the United Nations addressed to the Secretary-General

I have the honour to transmit to you herewith the official Spanish and English texts of the Final Report of the XX regular meeting of the Latin American Council, which contains the conclusions, the communiqué, the decisions and the declarations adopted by the Latin American Council, the principal organ of the Latin American Economic System, at its XX annual regular meeting, held in Mexico City from 30 May to 3 June 1994.

I would be grateful if you would have these texts circulated as a document of the General Assembly under agenda items 12, 24, 29, 34, 90, 91, 92, 93, 95 and 98.

(Signed) Jorge E. ILLUECA
Permanent Representative
Chairman of the group of Latin American
and Caribbean States

ANNEX

[Original: English and Spanish]

Final report of the XX regular meeting of the Latin American Council, held in Mexico City from 30 May to 3 June 1994

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INTRODUCTION

In compliance with Article 12 of the Panama Convention, the XX Regular Meeting of the Latin American Council was held at the headquarters of the Secretariat of Foreign Affairs of Mexico from 30 May to 3 June 1994.

In its Preparatory Stage, the Meeting was opened on 30 May by His Excellency the Under-Secretary for Latin America, Cultural Affairs and International Cooperation of the Secretariat of Foreign Affairs of Mexico, Ambassador Jorge Pinto Mazal. The Officers of the Meeting were the Head of the Mexican Delegation, Mr. Rogelio Granguillhome, Director General of Economic Relations with Latin America as Chairman, and Messrs. José Alberto Milla Reyes of the Embassy of Honduras in Mexico and Jorge Humberto Cevallos, Director General of Foreign Trade Policy, of Guatemala, as First and Second Vice-Chairpersons, respectively. Mr. Antonio Bayas, Head of the International Economic Agency Department of the Ministry of Foreign Affairs of Chile, acted as Rapporteur.

At the opening session, the Permanent Secretary of SELA, Ambassador Salvador Arriola, and the Under-Secretary for Latin America, Cultural Affairs and International Cooperation of the Secretariat of Foreign Affairs of Mexico, Ambassador Jorge Pinto Mazal, made presentations.

Likewise, the Ministerial Stage of the Meeting was opened on 2 June by Dr. Jaime Serra Puche, Secretary of Trade and Industrial Development. The Officers elected were the Sub-Secretary for Latin America, Cultural Affairs and International Cooperation of the Secretariat of Foreign Affairs of Mexico, Ambassador Jorge Pinto Mazal, as Chairman, and Messrs. José Alberto Milla Reyes, of the Embassy of Honduras in Mexico, and Carlos Ramírez Martínez, Vice-Minister of Foreign Affairs of Guatemala, as First and Second Vice-Chairpersons, respectively. Mr. José Miguel Insulza, Sub-Secretary of Foreign Affairs of Chile, acted as Rapporteur.

The Permanent Secretary of SELA, Ambassador Salvador Arriola, and the Secretary of Trade and Industrial Development, Dr. Jaime Serra Puche, also made presentations.

The Agenda as approved by the Meeting is included in document DT 2/Corr.1.

During the discussions, the delegates of the Member States indicated lines of action to the Permanent Secretariat for its Work Programme, and the main conclusions in that regard are outlined in Section A of this Report.

Upon the conclusion of its discussions, the Council issued the Communication contained in Section B of this Report.

In addition, the Council adopted Decisions 350 to 359, which are provided in Section C, as well as the two Declarations included in Section D.

A. CONCLUSIONS OF THE LATIN AMERICAN COUNCIL REGARDING THE APPLICATION OF THE 1993-94 WORK PROGRAMME

(DECISION No. 327)

The conclusions contained in this document refer both to the activities carried out during the period from the holding of the XIX Latin American Council in October 1993 to the present Council, and to activities to be carried out over a longer period, extending to 1994 and 1995.

1. RELATIONS WITH THE UNITED STATES

The Latin American Council took note of the documents prepared by the Permanent Secretariat on this subject ("Analysis of the economic performance of the United States and its consequences on the foreign relations of Latin America and the Caribbean" DI No.1, and the "Eighteenth Annual Report of the Permanent Secretariat" DT No.3), and reasserted the importance of continuing with the Secretariat's programme of activities adopted at the XIX Latin American Council regarding the region's relations with the United States.

In particular, it entrusted the Secretariat with an analysis of the long-term impact of NAFTA on the countries of the region, covering investment flows in addition to the trade dimension.

In relation to following up on U.S. trade policy, the Council placed particular emphasis on its concern over possible changes to the Generalized System of Preferences and recommended that the Permanent Secretariat make further headway in joint efforts with other regional agencies so that the region may draw up strategies in this field.

The Council noted Resolution No. CIES/CEC/1 (1-0/94) of the Organization of American States' new Special Trade Commission, by means of which it was agreed that the Commission's Advisory Group should coordinate its activities with the ALADI, ECLAC, SELA, and other regional agencies; it therefore instructed the Permanent Secretariat to collaborate with and closely follow the work of the Special Trade Commission and the Advisory Group.

In dealing with the subject of Latin American and Caribbean relations with the United States, emphasis was placed on the importance of the Hemispheric Summit to be held at the end of 1994 and the fact that commercial matters, including the region's efforts towards liberalizing trade, should be dealt with in great depth on that occasion. In this regard, special mention was made of the work that the Permanent Secretary could undertake in preparing elements for the construction of the region's position.

2. RELATIONS WITH THE EUROPEAN UNION

The Council agreed with the Permanent Secretariat's view on the deterioration, during the past ten years, of trade relations between the European Union (EU) and Latin America and the Caribbean. It also considered with great interest the changes that are taking place in said relations and that are outlined in the document "The European Union and Latin America: Towards a Redefinition of Biregional Relations" (DI 13). It particularly stressed the importance of investment in recent relations with the European Union, which have been characterized by their emphasis on joint ventures. At the same time, emphasis was placed on the importance of encouraging joint ventures between Latin American and Caribbean partners in order to take advantage of the European market. It also requested that the Permanent Secretariat continue with its analysis and monitoring of the restrictions to access placed on the region's products in the markets of the European Union.

On considering the preliminary results of "The Dynamics of Relations between Latin America and the Caribbean and the European Union: Regionalization of the Production Sphere and New Forms of Competition and Management" project (DI No.10), which is being carried out in application of the SELA-EU Agreement, the Council placed emphasis on the potential applications of the information generated by this project, in terms of drawing up strategies to promote exports, business fora, planning national and regional industrial developments, negotiations on technology and investment, etc. In that regard, the Council requested the Permanent Secretariat to define a programme, with the technical and financial support of the EU, to disseminate the final document on the results of the project as widely as possible; this document should be delivered in July to Member States, including in particular business organizations, financial institutions, and research centres.

3. RELATIONS WITH OTHER COUNTRIES

Chapter III of the Report of the Permanent Secretariat, which contains evaluation criteria and trends of Japanese investment in Latin America and the Caribbean, was considered by the Latin American Council to be a valid frame of reference both for the general formulation of Latin America and the Caribbean's economic and financial relations with Japan and for following up on SELA's Medium-Term Work Programme, adopted by the XIX Latin American Council.

In that respect the Council emphasized the importance of Japan's new position in the Inter-American Development Bank (IDB) and the potential stemming from it in terms of Japanese trade and investment in the region. Consequently, it instructed the Secretariat to pursue the necessary contacts with the IDB in order to determine possible joint actions regarding information on their respective trade policies, promotion of investment, and trade opportunities.

Moreover, the Council recommended to the Permanent Secretariat that a meeting of experts on Latin American and Caribbean relations with Asian countries should be held, in view of the latter's growing trade and financial importance to the countries of the region, and including the consideration of relations with China and India.

Regarding the diversification of Latin American and Caribbean overseas economic relations, the Latin American Council instructed the Permanent Secretariat to obtain general, updated information on new opportunities for cooperation, investment, and trade between the region and South Africa in the context of that nation's democratization and increasing openness.

4. INTERNATIONAL TRADE

Following the mandates of the XIX Latin American Council in regard to this topic, the Permanent Secretariat prepared an "Outline of trade barriers applied by industrialized countries to Latin American and Caribbean exports" (DI No.12), which is a novel effort to determine the magnitude of the problems facing the countries of the region in such markets and compare them with the level of liberalization of Latin American and Caribbean economies. In this regard, the Council agreed to request the Permanent Secretariat to disseminate said document as much as possible, while urging the pertinent regional and international agencies to collaborate with the Permanent Secretariat in drafting an annual update of the Outline.

In regard to rules of origin, the Council took note with satisfaction of the call for a Meeting of Experts on Rules of Origin, to be held next 16 and 17 June at SELA headquarters in accordance with the conclusions of the XIX Council, and urged the Permanent Secretariat to inform the Member States of SELA of the corresponding report, and to submit the recommendations stemming from said meeting to the consideration of the next Latin American Council.

The Council considered in close detail and with great interest the document "Results of the Uruguay Round Multilateral Commercial Negotiations: A Latin American and Caribbean Perspective" (SP/CLXX.O/DI.No.2), which was analyzed at the Meeting of Senior Government Officials of the SELA Member States held at the Permanent Secretariat's headquarters in March 1994. In this context, the Council emphasized the importance of ensuring the timely ratification of the Uruguay Round Agreements, with the explicit aim of ensuring that they are fully observed.

Similarly, it approved the implementation of the work programme to follow up on and give effect to the results of the Uruguay Round, contained in the document "Latin America and the Caribbean Towards the Twenty-First Century: The Trade Agenda" (SP/CL/XX.O/DT No.9), which should be implemented in conjunction with the LATINTRADE project. In this respect, it emphasized the fundamental importance of the participation and support of international organizations – such as the UNDP, the IDB, and subregional financial institutions – in these endeavours. Within this framework, the recent incorporation of the Inter-American Institute for Agricultural Cooperation into the LATINTRADE Project was announced.

As regards trade in services (SP/CL/XX.O/DI No.3), the Council endorsed the Permanent Secretariat's proposal to hold a meeting of government and regional-agency experts on this subject, in order to discuss all aspects dealing with the alignment of regional regulations on services on the basis of the provisions contained in the GATS text, as well as future negotiations on services provided for in said agreement.

Likewise, the "new" subjects proposed for inclusion in the work of the World Trade Organization (WTO) were discussed and, in this regard, the Permanent Secretariat presented the documents "Social Dumping: Social Policy as Trade Policy" (SP/CL/XX.0/Di No.4) and "Latin America and the Caribbean Towards the Twenty-First Century: The Trade Agenda" (SP/CL/XX.O/DT No.9).

Given the importance of these matters and the concern that they might be used or proposed within a scheme of commercial protectionism, it was decided to hold a SELA consultation meeting on such "new" subjects as trade and the environment, social policy, and competition policy, with the aim of coordinating the positions of the Latin American and Caribbean nations with the work of the WTO.

5. ANALYSIS OF LONG-TERM SCENARIOS

To follow up on the mandate of the XIX Latin American Council, the Secretariat submitted the Report of the Meeting of Experts to Analyze Long-Term Scenarios (Di No.9), held in Lima, Peru, on 18 and 19 April 1994, and agreed to support the initiatives proposed in said meeting, which would make it possible to introduce long-term studies into the Secretariat's methodology, as well as regular contacts with academic research centres both within and outside the region. In regard to the financing of the "network" of research centres proposed in the aforementioned report – for which the Secretariat would act as a focal point – the Council entrusted its Board of Officers to formally proceed to make the pertinent arrangements both with international agencies (particularly the UNDP and the IDB) and the governments of industrialized countries.

6. DEVELOPMENT FINANCING

The Latin American Council approved the initiatives proposed by the Secretariat in Item VI of the Annotated Provisional Agenda (DT No.2/Corr.1), in addition to the indicators for development financial flow analysis contained in the pertinent chapter of the Report of the Permanent Secretariat (DT No.3).

It placed particular emphasis on the need to study the consequences of the deficit in development resources and the role of our region's capital markets, including the funding of private sector projects, along with the evaluation of the privatization processes being undertaken by several Member States.

7. AGENDA FOR DEVELOPMENT

The Council noted with interest the information and considerations contained in the document "Agenda for the Development and Restructuring of International Economic Organizations: Implications for the SELA" (SP/CL/XX.01/Di No.14) and instructed the Permanent Secretariat to continue following up the evolution of the treatment given to the corresponding subjects, particularly in the United Nations system, in close contact with the delegations of the Member States that participate in such deliberations. It also considered the different factors concerning this matter to be closely related to the proposals contained in the document "The SELA and the 21st Century" (DT 7).

8. SOLIDARITY FOR COMPETITIVENESS

The Latin American Council noted with interest the analysis contained in the document "Solidarity for Competitiveness: Preliminary Notes" (SP/CL/XX.O/DT No.11), and entrusted the Permanent Secretariat with continuing these efforts and extending them, particularly with regard to the following aspects: i) flexible enterprises and new approaches to business management, ii) the training of human resources as a key factor of development, and iii) the effects of globalization and the on-going technical-production revolution on employment in the region. An analysis of these topics should be useful in formulating proposals that will assist in designing and implementing policies that embrace the principles of cooperation and solidarity, as bases for the competitiveness of the region's economies. Likewise, the Latin American Council instructed the Permanent Secretariat to promote closer relations between the labour and business sectors, in order to make progress towards the joint treatment of the subjects of margination, unemployment, and poverty.

9. INTEGRATED POLICIES AND SOCIAL DEVELOPMENT

With regard to formulating criteria that could help to improve the linkage of economic policies to social equity, the Latin American Council considered the project that the Permanent Secretariat has been developing together with CLAD and ECLAC to be useful and timely, and it entrusted it with continuing the analysis and dissemination of conceptual and methodological criteria for designing and implementing integrated social and economic policies.

In relation to the participation of the countries of the region in the preparations for the Summit on Social Development, the Latin American Council took note of the progress made and requested the Permanent Secretariat to continue collaborating with the Member States and with the Summit Preparatory Committee to ensure the success of the event. It also entrusted the Permanent Secretariat with the timely promotion of cooperation and coordination activities among the countries of the region to contribute to implementing the Plan of Action that will be adopted in Copenhagen in March 1995, bearing in mind the initiatives proposed in the document "Bases for a Latin American and Caribbean Consensus on the World Summit on Social Development" approved by the XXV Session of ECLAC.

The Latin American Council noted with satisfaction the recent recommencement of the regular meetings of the Inter-Agency Social Policy Group, under the coordination of ECLAC's Executive Secretariat, and instructed the Permanent Secretariat to encourage coordination actions within the group with a view to the World Summit on Social Development.

10. POVERTY AND FOOD SECURITY

Regarding the subject of food security and its relationship with poverty, the Latin American Council instructed the Permanent Secretariat to support the Member States in defining and executing their food security policies, in order to avoid the duplication of efforts and to contribute to increased clarity in dealing with the subject. In concrete terms, it was requested to effect a systematic survey of the programmes currently in existence at the regional and national levels for the information of the Member States, thereby

becoming a forum for the regional coordination and conjunction of these important topics through the exchange of information and experiences arising from the different projects in operation in the nations and the region.

11. INDUSTRIALIZATION AND TECHNOLOGICAL DEVELOPMENT

Given the need to establish opportunities for exchange and reflection between the region's Industry Ministers regarding subjects related to industrial and technological development, the Latin American Council backed the Permanent Secretariat's actions in organizing, in the second half of 1994, the I Meeting of the Regional Forum on Industrial Policy. Likewise, the Council emphasized the importance of this meeting's leading to the definition of a 1994-95 Working Plan for the implementation of the Regional Plan of Action on Industrialization.

The Latin American Council noted with satisfaction that the high priority assigned to regional industrialization by the Latin American Economic System (SELA) was endorsed in resolution 15 of the V UNIDO General Conference, held in Yaounde, Cameroon, concerning the Regional Cooperation Programme for Industrial Recovery in Latin America and the Caribbean. Both resolution 15 and the remainder of the resolutions approved at the V UNIDO General Conference, as set forth in document SP/CL/XX.0/DI No. 6, warrant active follow up. Consequently, the Council entrusted the Permanent Secretariat, together with UNIDO, with establishing measures that would lead to the definition of a schedule for implementing joint activities based on those resolutions. The Council also noted with satisfaction the SELA/GRULAC-Vienna initiative on the follow up and evaluation of the results of the V UNIDO General Conference and expressed its support for the conclusions and recommendations stemming from GRULAC-Vienna contained in the Addendum to the Information Document (DI No. 6) already referred to above.

In view of the opportunity and potential that biotechnology represents for the countries of the region in the development and marketing of products with high value added, the Latin American Council expressed its satisfaction with the approval by the European Commission of the Bridge Project on Biotechnology, which will allow the implementation of the SELA Biotechnology Coordinating Unit and the establishment of technical bases for the development of the second stage of the Biotechnology Programme, whose fundamental objective is to strengthen regional development through joint productive and technological enterprises between companies, laboratories and cooperation agencies of Europe and of Latin America and the Caribbean.

The Latin American Council recommended that the Permanent Secretariat strengthen initiatives aimed at launching a Human Resource Training Programme based on industrial modernization and business competitiveness. These actions should be considered within a Forum on Training and Developing Human Resources for Competitiveness with the participation of government authorities, academic centres and business sectors, in order to exchange information and experiences.

The Latin American Council recommended that the Permanent Secretariat should identify organizational mechanisms and methods that will allow the generation and strengthening of the region's

capacity for research and development, with a view to adapting and managing the technologies that are required in the prevailing economic and social circumstances, with the active involvement of the business sector, both in the definition of priority areas and in funding, and in the transfer, use, and application of the results, in coordination with COLCYT, RITLA, and the Bolívar Programme.

12. INTELLECTUAL PROPERTY

The Latin American Council accepted the recommendations and initiatives contained in the Final Report of the IV Meeting of the Latin American and Caribbean Forum on Intellectual Property, contained in Document DI No. 5, and instructed the Permanent Secretariat to comply with its terms. In that regard, emphasis was placed on the need to consider developments in this area within the framework of WIPO and the forthcoming World Trade Organization (WTO).

The Council expressed its concern that, despite the progress made by the countries of the region to modernize their intellectual property systems, the application or threatened application of restrictive economic measures still persists in certain markets in relation to compliance with unilateral rules in this field. These measures hinder the access of some countries in the region to such products.

13. REGIONAL COOPERATION AND INTEGRATION

The Latin American Council entrusted the Permanent Secretariat with continuing follow up on regional integration in all its forms, with promoting the exchange of information and experience in that field and with coordinating joint activities with the organizations and institutions responsible for subject areas of common interest. In that regard, it recommended holding the Meeting of Cooperation and Integration Organizations during the second semester of this year.

The Council also expressed its satisfaction with the preparations that have been progressing between SELA, ALADI and other organizations of the region to hold the Meeting of Government Officials in Charge of Trade Policy of the Member States of SELA in the city of Quito during the second half of the year.

The Council deemed it appropriate for the Permanent Secretariat to further its analysis of the regional integration processes with a view towards the aim of convergence, in accordance with the evolution of those processes and of NAFTA.

Likewise, the Permanent Secretariat was instructed to study the possibility of the recently concluded Free Trade Agreement between Colombia, Mexico, and Venezuela (known as the Group of Three), together with the other regional and subregional integration schemes and agreements, contributing positively to the aims of the aforesaid convergence.

The Council noted with satisfaction the progress made in the development of cooperative relations between the different subregional integration schemes in Latin America and the Caribbean, as well as relations between those schemes and nations outside them. The Council encouraged the continuation and furtherance of those links, and instructed the Permanent Secretariat to support their strengthening and to contribute to identifying, with the assistance of the Secretariats of regional and subregional integration agencies, new opportunities for involving nonmember nations in their activities.

The Council reaffirmed the position that the process of strengthening relations between Latin America and the Caribbean required a deliberate set of initiatives including activities directed at improving mutual knowledge and communication between the two subregions. It endorsed the activities that the Permanent Secretariat is carrying forward in this regard. It also reiterated its support to those activities which sought to help Caribbean States respond to the special challenges which their generally small, vulnerable, and undiversified economies face as a result of current changes in international economic relations.

The Council expressed its satisfaction at the signing of the Guatemala Protocol to the Central American General Economic Integration Agreement last October by the Presidents of this subregion. This establishes the mechanisms for the gradual merging of the economies of its members with the aim of creating the Central American Economic Union. At the same time, it was pleased to receive information on the forthcoming initiation of the Annual Course on Integration in Central America, which is aimed at providing actors in the subregional integration process with a framework for examining practical aspects of the process to facilitate progress towards integration. The Latin American Council also expressed gratitude to the various organizations whose collaboration made the realization of the course possible and noted the advisability of extending it to other subregions wishing to take advantage of it.

14. TECHNICAL COOPERATION AMONG DEVELOPING COUNTRIES (TCDC) AND THE UNDP'S VI PROGRAMMING CYCLE

The Latin American Council took note of the outcome of the IX Meeting of Directors of International Technical Cooperation which was held in La Paz, Bolivia, from 16 to 20 May. In this regard, the Council adopted the Draft Decisions approved at said meeting concerning TCDC and the region's main criteria and guidelines vis-à-vis the UNDP's VI Programming Cycle.

15. ACTION COMMITTEES AND PERMANENT AGENCIES

The Latin American Council took note of the Report of the CADESCA Liquidation Commission and expressed its recognition for the steps taken and for the important contribution that this Action Committee has made to development in Central America.

Likewise, the Council acknowledged the activity reports presented by PLACIEX, PLACART, MULTIFERT, RITLA and OLDEPESCA.

The Council instructed the Permanent Secretariat to continue supporting the Action Committees and Permanent Bodies in the development of their working programmes and to provide them with technical assistance when so requested.

16. PESICRE AND THE COMPREHENSIVE INFORMATION SYSTEM

The Latin American Council expressed its satisfaction with the work performed within the framework of PESICRE with the delivery of two new information products: a database on regional integration treaties, agreements, conventions and communiqués and the CD-ROM Network of Networks, generated by the Network of Networks regional project.

It also entrusted the Permanent Secretariat with continuing work with a view to initiating the implementation of the SELA Comprehensive Information System during the second semester of 1994. To that end, it urged the PESICRE National Accredited Entities (NAEs) and the organizations that collaborate as focal points to provide their support for holding the coordination meeting scheduled for the second quarter of 1994.

17. COMMUNICATION AND INTEGRATION

The Latin American Council took note of the document "Communication and Integration: The Path of Change" (DI No. 15) and expressed its satisfaction with the implementation of the UNESCO-SELA Agreement aimed at promoting the dissemination of regional integration.

In that regard, it considered it advisable to expand activities in that area and consequently gave its full support to the project "Communication for Integration", presented by the Permanent Secretariat of SELA to the International Programme for the Development of Communications (IPDC).

18. PROGRAMME OF COOPERATION WITH HAITI

In accordance with the decision of the XIX Latin American Council regarding the establishment of a Programme of Cooperation with Haiti, it was decided that the Permanent Secretariat should begin to study its contents, including training courses in specific areas where countries in the region have gained significant experience, such as the training of instructors for the garment, handicraft, and health industries, and technical seminars on international economics for civil servants with a view to implementing them once the constitutional order is restored.

19. BUDGET

The Group concluded that, even if the decision concerning the 1995 budget is approved, a Special Council Meeting could be convened during the final quarter of the present year if required by the exchange rate situation in the host country or the restructuring of the Secretariat.

20. ACKNOWLEDGMENT

The Permanent Secretary thanked the Government of Mexico for its hospitality and excellent work in respect of the XX Regular Meeting of the Latin American Council.

B. COMMUNIQUE OF THE XX REGULAR MEETING OF THE LATIN AMERICAN COUNCIL

The XX Latin American Council, meeting in Mexico City during its Ministerial Stage on 2 and 3 June 1994, focused its deliberations on an analysis of the economic relations between Latin America and the Caribbean and the United States; on the actions to be carried out to ensure a more effective integration of the region into the world economy, especially through the concept of "solidarity for competitiveness"; and on modifying SELA so that it can meet the demanding challenges of the twenty-first century and thus continue to fulfill its principal objectives.

Concerning the topic of Latin American and Caribbean economic relations with the United States and Canada, the Latin American Council recognized the need to exchange information and opinions on the Summit for the Americas. In this regard, the Council instructed the Permanent Secretariat to start a consultation process with the SELA Member States on the feasibility of holding a meeting for that purpose. The Council acknowledged the Delegation of Trinidad and Tobago's offer to host the aforementioned meeting.

With respect to "solidarity for competitiveness", the Permanent Secretariat presented the corresponding document, which pointed out the need to promote the modernization of the economies of the region in a context of social equity and reinforcement of democracy, and that mastery of the new technologies that were contributing today to the creation of a new model of civilization in the material sense throughout the world was an essential condition for raising the levels of well-being of the peoples and international competitiveness of the region's economies.

The Council therefore decided to entrust the Permanent Secretariat with the task of further developing the aforementioned analysis, taking into account experiences within and outside the region with regard to policies on competitiveness. Furthermore, it acknowledged the Delegation of Costa Rica's offer to host the I Meeting of the Regional Forum on Industrial Policy, in which both the public and private sectors will take part, with the support of UNIDO, IDB, ECLAC and the Bolívar Programme, and will provide an opportunity to study the concept of "solidarity for competitiveness" more in depth and to recommend actions in that regard.

Moreover, the Latin American Council noted with interest the document entitled "SELA in the Twenty-First Century: Its Place in the Regional and International System", which it considered appropriate as a basis for proposing ideas and initiatives on the future of the organization on its twentieth anniversary, and to reflect the link between the organization's activities and the new challenges posed to Latin America and the Caribbean by the economic and social agenda for the twenty-first century, as pointed out at the International Seminar "The Development of Latin America and the Caribbean in the Twenty-First Century: Prospects for SELA Action", held concurrently with the XX Latin American Council on 1 June 1994 in Mexico City.

The Council authorized the Permanent Secretary to start a process of consultations with the Member States regarding the implementation of the proposals outlined in the above-mentioned document, and to present an internal review of and a report on the entire range of the organization's activities, including short- and medium-term recommendations for each activity, to be submitted before the following meeting of the Latin American Council, with a view to preparing the next Work Programme.

Finally, the Latin American Council acknowledged the offer extended by the Government of El Salvador to host the XXI Regular Meeting in the city of San Salvador and decided to accept said offer by acclamation.

C. DECISIONS

DECISION No. 350

TECHNICAL COOPERATION AMONG DEVELOPING COUNTRIES
(TCDC)

THE LATIN AMERICAN COUNCIL,

Having seen the Final Report of the IX Meeting of Directors of International Technical Cooperation (SP/CL/XX.O/DT No.12),

WHEREAS:

TCDC is a significant tool for regional cooperation, which is increasingly present in the context of bilateral and multilateral relations of the developing countries, specially in Latin America and the Caribbean;

TCDC National Focal Points have been granted increased political support and have considerable technical strength, to enable the flow of exchange of experiences of TCDC in the region;

New modalities are available at the international level, providing access to international cooperation in general and to TCDC in particular;

The need to coordinate the different cooperation policies at the regional level requires the definition of more efficient and effective mechanisms for concertation and consultation, with the purpose of presenting common positions at the different international fora;

DECIDES:

Article 1.- To reiterate the significance of the participation of Latin America and the Caribbean in the framework of International Technical Cooperation, taking into account the present strategies and policies of the different sources and the diverse processes for their definition.

Article 2.- To instruct the SELA Permanent Secretariat to organize a meeting of experts in innovative aspects for the mobilization of TCDC resources. In this respect, the Permanent Secretariat will identify the most appropriate date to hold the meeting, as well as the place and the necessary resources for its execution.

Article 3.- To instruct the Permanent Secretariat to hold a seminar on mechanisms for the incorporation of the Small and Medium Enterprises (SMEs) of the countries of the region into regional technical cooperation, with the participation of a representative of the National Focal Point and another representative of SMEs organization, identified by the Focal Point.

In this respect, the Permanent Secretariat is instructed to identify the necessary financial resources to hold the seminar, as well as to prepare the required support documentation, specially taking into account the study prepared by ECLAC on the subject, as well as the experiences of other regional institutions, such as ALADI and the Bolivar Programme.

The venue of the meeting will be identified by the Permanent Secretariat in observation of the offers which it may receive from the interested countries.

Article 4.- To instruct the SELA Permanent Secretariat, in coordination with ECLAC, to analyze the possibility of expanding the activities of the project, regarding the links between governments and the private sector in the area of international cooperation, expanding geographic coverage and including the experiences of countries of different sizes and different relative development levels.

Likewise, the aforementioned project must be implemented in close contact with the National Focal Points.

Article 5.- To instruct the Permanent Secretariat to request information from the Member States regarding the new financial modalities for intraregional cooperation, to obtain greater inputs to continue discussions on the subject at the next Directors Meeting for Technical Cooperation.

Article 6.- To request that the Member States study the proposal prepared by the SELA Permanent Secretariat for a common methodology for the implementation of TCDC activities and negotiation criteria, and forward their comments on the subject.

Article 7.- To request that Member States with Umbrella Projects forward a report on their corresponding projects to the SELA Permanent Secretariat with the purpose of disseminating that information to other interested countries.

Article 8.- To actively follow up the negotiation of the UNDP VI Programming Cycle and, in that context, the formulation of the Regional Programme for Latin America and the Caribbean, with the purpose of maintaining a common position in the region regarding such subjects.

Article 9.- To recommend that the Interagency Committee of the CONVERGENCE Programme give continuity to projects, linking them to the national productive sectors. Likewise, that the National Focal Points receive more frequent information on the progress of the Programme.

Article 10.- To request that the Permanent Secretariat prepare a detailed report on the present condition of INFOSELA and, on the basis of that report, formulate a proposal for a regional project, through which some countries of the region will contribute with technical and financial means, with the purpose of starting the operation of the aforementioned information system at the earliest possible time.

Article 11.- To stress the importance of the UNDP TCDC Special Unit and of the technical and financial support it has been providing to the TCDC mechanism and to manifest the importance of strengthening the Unit and adapting it to the new needs of the developing countries.

Article 12.- To thank the Government of Bolivia for its sponsorship of the IX Meeting of Directors of International Technical Cooperation, and for the support provided for its success. Likewise, to stress the support provided by the Permanent Secretariat in the work performed prior to and during the Meeting and by the UNDP TCDC Special Unit.

DECISION No. 351

DECISION ON THE MAIN CRITERIA AND GUIDELINES FOR THE VI UNDP PROGRAMMING CYCLE

THE LATIN AMERICAN COUNCIL,

Bearing in mind the following resolutions of the United Nations General Assembly:

a) 2688 (XXV) on the capacity of the United Nations Development System (consensus of 1970), December 11, 1970;

b) 44/211 on the ample triennial review of policies relative to the operative activities of the United Nations Development System, December 22, 1989;

c) 47/199 on the triennial review of policies relative to the operative activities of the United Nations Development System, December 22, 1992;

Bearing in mind Decisions 90/34 of UNDP's Governing Council on the V Programming Cycle and 91/29 on the preparations for the V Programming Cycle;

Having concluded the midterm review of UNDP's activities during the V Programming Cycle in general and in the countries of the region in particular;

Bearing in mind the preliminary discussions relative to the allocation of the resources for the VI Programming Cycle, during the 40th session of UNDP's Governing Council (1993);

Stressing the importance of maintaining the eligibility of our countries as beneficiaries of the various operational development programmes on the basis of concession and of the most ample participation in the United Nations system;

Regretting the substantial decline in the allocation of the Indicative Planning Figures, during the present programming cycle, which has obliged the ongoing national and regional programmes to use only 70% of what was established by the IPF's;

Considering that in the light of the substantial decrease in the contributions by the donor countries, which has affected ongoing activities and programmes, it is necessary to substantially increase the resources allocated to operational development activities, in a continuous, sure and foreseeable manner, in accordance with the increasing needs of the countries in the region;

Observing with concern the main ideas which have been expressed in various official presentations on the future of UNDP;

Remembering the division of work between the United Nations General Assembly, the Economic and Social Council (ECOSOC) and the programmes for which the Council is responsible, as established in resolution AGNU 48/162 of 20 December 1993, where the specific functions for UNDP's Executive Board are established;

Endorsing the conclusions adopted by the IX Meeting of Directors of International Technical Cooperation of Latin America and the Caribbean, held in La Paz, Bolivia, from 16 to 20 May 1994 in which, despite the differences in the level of relative development of the countries in the region and the priorities established in each one of them, a unified and solidary position is adopted;

DECIDES:

Article 1. To reaffirm the principles of eligibility of all developing countries on the basis of the fundamental characteristics of the operative activities of the United Nations Development System, which are, among others, universality, the voluntary nature and subsidies, neutrality, multilateralism and the capacity to respond to the needs of the developing countries in a flexible manner, and that the operative activities of the United Nations System are carried out for the benefit of the developing countries, at the request of those countries and in accordance with their own policies and national development priorities;

Article 2. To stress the need to redefine the role of UNDP in terms of the present international context, taking into account the positive experience of the Latin American and Caribbean countries during the V Cycle in the implementation of their national programmes and in the application at the national level of priority items of the multilateral agenda;

Article 3. To point out that UNDP has played and is playing a significant role in the process of advancement and consolidation of sustainable development in which the region is engaged. This task has demanded great sacrifice on the part of Latin America and the Caribbean, as increasing support is required to sustain the efforts for the restructuring of the productive sectors, to contribute to the decentralization and modernization of the State, to strengthen the democratic process and to decrease the social inequalities and imbalances which still prevail;

Article 4. To state that the concept of preventive development and the strategy for sustainable human development cannot exclude other activities which the countries decide to implement at national, subregional, regional or intraregional level, in accordance with the principles mentioned in paragraph 1 of the present Decision;

Article 5. To reiterate that the parameters applied in UNDP's activities must not oppose the allocation of resources for the solution of social problems to the allocation of resources for adequate productive activities to strengthen the economic and technical competitiveness of the developing countries. That requires the search for a more adequate model, which must be proposed as a key challenge for UNDP;

Article 6. To stress the importance of counterpart contributions for the V Cycle (compared to previous contributions), for participation in financing expenses, and of cash contributions by the Governments, which, in the case of Latin America and the Caribbean for the 1992/96 period, represent the approval of budgets equivalent to 88.2% of the total amount in the Region, in addition to the 11.8% provided by the IPF. This allocation of extrabudgetary resources has enabled the generation of a volume of cooperation almost 9 times greater than what voluntary contributions would have allowed. Such activities have strengthened the UNDP as a whole, as well as the beneficiary countries, and, in turn, have contributed to the financing of other UNDP offices;

Article 7. To reiterate the general principle governing the present legal framework of UNDP activities, according to which national programming must be based on the national development priorities of the countries and on the operative modalities for the execution of projects agreed upon by the countries, particularly those which assign priority to technical and economic cooperation among the developing countries;

Article 8. To propose to this end, the utilization of TCDC links to promote initiatives on the basis of the interests and priorities of the countries and to have greater presence in the application and administration of these resources. Additionally, this will motivate the participants to provide contributions for shared expenses to multiply the resources allocated to regional programmes;

Article 9. To express interest in the TCDC's Special Unit intensifying its support of horizontal cooperation actions on the part of the countries of the region, simultaneously stating that said Unit must readopt the role of coordinator in such matters, in continuous and permanent contact with the countries;

Article 10. To underline the extreme importance of the effective support of the Field Offices for national execution and particularly for programmes and projects managed at national level, as well as the need to review the utilization of the regional IPF to integrate it into activities of interest agreed upon by the countries;

Article 11. To point out that the regional IPF has been decreasing in the past few years and that the countries and regional and subregional organizations find it more and more difficult to use it in the activities of interest to them, in an integral manner;

Article 12. With regard to the regional programmes, to stress the need for the countries to take a more active part, with the support of the Field Offices, in all the stages of the Project Cycle (identification, design, formulation, monitoring and evaluation) and to revise the utilization of the Regional IPF, in order to integrate it into the activities of interest agreed upon by the countries;

Article 13. To point out the advisability of studying additional methodologies, different from the per capita GDP (whether calculated on the basis of the rate of exchange or by the domestic purchasing power), recognizing that the development problems and the solution of structural bottlenecks to economic growth require specific policies, based on a case-by-case analysis;

Article 14. To consider a progressive graduation, whereby the countries will continue to receive cooperation, whilst contributing to the strengthening of regional relations through TCDC mechanisms and triangulation. Hence, it was agreed to work jointly towards the preparation of an additional specific methodological proposal, as previously mentioned.

DECISION No. 352

FINANCIAL STATEMENTS OF THE PERMANENT SECRETARIAT

THE LATIN AMERICAN COUNCIL,

HAVING SEEN:

Article 15.5 and Article 31.7 of the Panama Convention;

The Financial Statements of the Permanent Secretariat at 31 December 1993;

DECIDES:

Article 1.- To approve the Financial Statements of the Permanent Secretariat for the fiscal year 1 January to 31 December 1993 and the respective auditor's report.

DECISION No. 353

SELECTION OF AUDITORS

THE LATIN AMERICAN COUNCIL,

HAVING SEEN:

Article 34 of the Regulations of the Permanent Secretariat, and the offers of auditing services received by the Permanent Secretariat;

DECIDES:

Sole Article.- To appoint **BERMUDEZ CASTRO & CO. LTDA.**, Public Accountants from the Member State of Ecuador, to perform the audit of the Financial Statements of the Permanent Secretariat for the fiscal year 1 January to 31 December 1994, bearing in mind the rules which govern the System.

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DECISION No. 354

ADMINISTRATIVE BUDGET FOR 1995

THE LATIN AMERICAN COUNCIL,

HAVING SEEN:

Article 15.5, Article 31.6 and Article 36 of the Panama Convention, and Latin American Council Decisions 110, Articles 3 and 5; 142, Article 3; 177, Article 6; 218, Articles 23 and 24; 244; 326, Article 5; 340; 342, Article 2;

WHEREAS:

The Permanent Secretariat must be provided with sufficient funds to enable it to perform the functions emanating from the Panama Convention and to implement the Work Programme adopted by the Latin American Council;

DECIDES:

Article 1.- To approve a budget of US$ 3,900,000 for the fiscal year of 1 January to 31 December 1995, with the following allocation by categories:

	CATEGORIES:		US$
I.	LATIN AMERICAN COUNCIL		173,000
II.	PERMANENT SECRETARIAT		
	1. International Staff		1,790,000
	2. Local Staff		1,005,000
	3. Consultants, Meetings and Contractual Services		408,000
	4. Official Travel		152,000
	5. General Administration		372,000
		TOTAL	3,900,000

Article 2.- The 1995 budget will be financed by the Member States' contributions according to the system of quotas currently in force:

% UTILIZED	MEMBER STATES	REGULAR QUOTA 1995 (US $)
36.90	GROUP I	1,439,100
12.30	Argentina	479,700
12.30	Brazil	479,700
12.30	Mexico	479,700
34.45	GROUP II	1.343,550
6.89	Colombia	268,710
6.89	Cuba	268,710
6.89	Chile	268,710
6.89	Peru	268,710
6.89	Venezuela	268,710
16.59	GROUP III	647,010
1.185	Bolivia	46,215
1.185	Costa Rica	46,215
1.185	Ecuador	46,215
1.185	El Salvador	46,215
1.185	Guatemala	46,215
1.185	Honduras	46,215
1.185	Jamaica	46,215
1.185	Nicaragua	46,215
1.185	Panama	46,215
1.185	Paraguay	46,215
1.185	Dominican Republic	46,215
1.185	Suriname	46,215
1.185	Trinidad & Tobago	46,215
1.185	Uruguay	46,215
1.85	GROUP IV	72,150
0.37	Barbados	14,430
0.37	Belize	14,430
0.37	Grenada	14,430
0.37	Guyana	14,430
0.37	Haiti	14,430
10.21	HOST COUNTRY	398,190
10.21	Venezuela	398,190
	TOTAL QUOTAS	3,900,000

Article 3.- To remind Member States of the urgent need to pay their quotas as due and in full and, when possible, to pay them ahead of time.

Article 4.- To urge Member States to pay their budget quotas in arrears from previous years by 31 December 1994 so that the Permanent Secretariat will have the necessary funds to pay its contractual obligations promptly.

DECISION Nº 355

SUPPORT FOR THE CENTRAL AMERICAN PROJECT
OF THE ALLIANCE FOR SUSTAINABLE
DEVELOPMENT

THE LATIN AMERICAN COUNCIL,

WHEREAS:

The importance of processes of regional and subregional integration and cooperation, as one of the mechanisms for the strengthening of democracy, and the economic and social development of our nations;

That these processes effectively contribute to achieving a greater insertion of the economies of the region in the world context, which in turn permits the development of intra and extraregional trade;

HAVING SEEN:

The positive results for the Central American subregion of the meeting of Central American Presidents, held in the city of Tegucigalpa, Honduras, on 24 May, which dealt with the creation of a broad framework of cooperation for the establishment of an "ALLIANCE FOR SUSTAINABLE DEVELOPMENT";

DECIDES:

Sole Article: To support the establishment of the CENTRAL AMERICAN ALLIANCE FOR SUSTAINABLE DEVELOPMENT, the main purpose of which is to achieve in a comprehensive manner the fight against poverty, the strengthening of democracy, the promotion of social development, the stimulation of growth of the economies and the protection of the environment, as a means to ensure the welfare, peace and security of present and future generations.

DECISION No. 356

THE NEED TO END THE ECONOMIC, TRADE, AND FINANCIAL EMBARGO IMPOSED ON CUBA BY THE UNITED STATES GOVERNMENT

THE LATIN AMERICAN COUNCIL,

HAVING SEEN:

Paragraphs (a) and (b) of Article 3, Article 4, and paragraphs 1 (1) and 4 of Article 5 of the Panama Convention;

Decision No. 112 regarding the "Imposition of Coercive Economic Measures";

Resolutions 47/19 and 48/16 of the United Nations General Assembly;

WHEREAS:

The need to reaffirm such principles as the sovereign equality of States, nonintervention in internal affairs, and freedom of international trade and navigation, as set forth in numerous instruments of international law;

That freedom of trade is an element that contributes to the economic development and well-being of Nations;

The usefulness of strengthening commercial relationships in the American Hemisphere, in accordance with the principle of freedom of trade and navigation;

DECIDES:

Sole Article: To reject the application of unilateral measures that affect the free development of international trade and contravene the principles of International Law; consequently, to call for the lifting of the economic, trade, and financial embargo placed on Cuba, and to express its support for Resolution 48/16 of the United Nations General Assembly, which demands the elimination of unilateral measures that are incongruent with the international economic and political context.

DECISION No. 357

ELECTION OF THE DEPUTY PERMANENT SECRETARY

THE LATIN AMERICAN COUNCIL,

HAVING SEEN:

Article 15 (2) and Article 28 of the Panama Convention,

WHEREAS:

A new Deputy Permanent Secretary must be elected for the term of office commencing on 23 November 1994,

DECIDES:

Sole Article.- To elect Mr. Luis Alberto Rodríguez, by acclamation, as Deputy Permanent Secretary.

The term of office referred to in Article 28 of the Panama Convention shall commence on 23 November 1994.

DECISION No. 358

EXPRESSION OF APPRECIATION TO DEPUTY PERMANENT SECRETARY,

AMBASSADOR NOEL GORDON SINCLAIR

THE LATIN AMERICAN COUNCIL,

HAVING SEEN:

Latin American Council Decision No. 313, in which Ambassador Noel Gordon Sinclair was elected Deputy Permanent Secretary of the Latin American Economic System by acclamation;

WHEREAS:

Ambassador Noel Gordon Sinclair, Deputy Permanent Secretary of the Latin American Economic System, has performed significant tasks during his four-year term of office;

This is the last meeting of the Latin American Council in which Ambassador Sinclair participates in the capacity of Deputy Permanent Secretary, inasmuch as his mandate expires on 23 November 1994;

DECIDES:

Sole Article.- To express its appreciation to Ambassador Noel Gordon Sinclair for his outstanding performance as Deputy Permanent Secretary of the Latin American Economic System, thanking him for his efforts on behalf of Latin American and Caribbean unity, integration, and development.

DECISION No. 359

EXTENSION OF DECISIONS 12, 89, 235, 260, 286, 323, AND 349, ON THE APPOINTMENT OF OBSERVERS TO MEETINGS OF THE LATIN AMERICAN COUNCIL

THE LATIN AMERICAN COUNCIL,

HAVING SEEN:

Article 47 of the Regulations of the Latin American Council;

The Latin American Council's Decisions Nos. 12, 89, 235, 260, 286, 323, and 349;

DECIDES:

Sole Article.- To extend Decisions Nos. 12, 89, 235, 260, 286, 323, and 349, in order to request that the Permanent Secretariat invite the following international organization to appoint observers to meetings of the Latin American Council, provided that the items on the corresponding agendas bear a direct relation to the aims pursued and functions performed by that organization:

The Central American Parliament.

D. DECLARATIONS

ASSOCIATION OF CARIBBEAN STATES DECLARATION

THE LATIN AMERICAN COUNCIL,

Notes with appreciation the progress being made towards the establishment of an Association of Caribbean States.

Considers that this initiative provides the participating States with a broadened economic space for cooperation in a number of areas of common interest. It also represents, in a historical moment of increased interdependence, globalization of expanded economic spaces and consolidated markets, yet another step by Latin America and the Caribbean towards the convergence of the integration movements of the region. Bearing in mind the important role played by the Permanent Secretariat at the technical as well as the logistical level in the preparatory work for the launching of the Association, the Council pledged the full cooperation of SELA in all efforts for its realization and functioning.

DECLARATION
EXPRESSION OF SORROW AT THE DEATH OF
HIS EXCELLENCY, AMBASSADOR JORGE LUIS ORDOÑEZ

THE LATIN AMERICAN COUNCIL,

Expresses its profound grief at the death, on Wednesday, 1 June 1994, of His Excellency, Ambassador Jorge Luis Ordóñez, a former Secretary-General of the Latin American Integration Association (ALADI) and an active advocate of Latin American and Caribbean integration; likewise, it decides to deliver this declaration to the Government of Colombia through its Diplomatic Mission in Mexico.

Transmits its feelings of profound regret to the distinguished Ordóñez family and the Republic of Colombia.

UNITED
NATIONS

A

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Agenda item 23

INTERNATIONAL ASSISTANCE FOR THE REHABILITATION AND RECONSTRUCTION OF NICARAGUA: AFTERMATH OF THE WAR AND NATURAL DISASTERS

Report of the Secretary-General

I. INTRODUCTION

1. At its forty-eighth session, the General Assembly adopted resolution 48/8 of 22 October 1993, entitled "International assistance for the rehabilitation and reconstruction of Nicaragua: aftermath of the war and natural disasters". In that resolution, the General Assembly, concerned at the fact that recent natural disasters and the burden of foreign debt were impeding Nicaragua's efforts to overcome the consequences of the war within the framework of a democracy and in the macroeconomic conditions already achieved, requested the Secretary-General, in cooperation with the relevant organs and organizations of the United Nations system, to provide Nicaragua with all necessary assistance for its rehabilitation, reconstruction, stabilization and development, in order to render peace and democracy irreversible.

2. In its related resolution 48/161 of 20 December 1993, entitled "The Situation in Central America: procedures for the establishment of a firm and lasting peace and progress in fashioning a region of peace, freedom, democracy and development", the General Assembly, inter alia, welcomed with interest the initiative by the Government of Nicaragua concerning the establishment of an active group of friendly countries to play a particularly important role in supporting the reactivation of the economic and social development of the country, which would facilitate the strengthening of its institutional and democratic structures, and requested the Secretary-General to give his full support to that initiative.

3. The present report is submitted pursuant to paragraph 6 of General Assembly resolution 48/8.

4. It may be recalled that, at the end of the last decade, Nicaragua was in a situation of internal war, aggravated by an international confrontation that translated into a commercial embargo and economic blockade. The initiative of the central American Presidents in the Presidential Summits of Esquipulas I 1/ and II 2/ played an important role in the termination of the conflict, which was also supported by the international community and especially by the United Nations.

5. On 25 April 1990, for the first time in Nicaraguan history, the presidency was peacefully transferred to an opposition party, following the internationally monitored elections in February 1990. The new Government of National Reconciliation faced the tasks of carrying out a complex transition: from war to peace, from a centralized to a market economy, from an authoritarian regime to a participatory democracy, from poverty to development and from international isolation to political and economic reinsertion. This transition is considered an integral process in which advancement in any of the areas affects progress in the others. Since 1990, Nicaragua has registered substantial achievements in several of those areas. However, the delay in others may impair the overall transition process.

6. Pacification has advanced significantly. More than 20,000 members of Nicaraguan Resistance have been demobilized and the army has been reduced from 92,000 combatants to slightly over 15,000, the smallest in Central America. In addition, about 350,000 displaced persons and refugees have returned. An ambitious disarmament operation has been carried out mainly on a voluntary basis by buying up arms from civilians.

7. In the framework of the International Conference on Central American Refugees, large projects have been implemented to support demobilization and pacification in zones of former conflict. In addition, land distribution to former combatants involves almost half a million hectares. However, integral reintegration (social, productive, political, etc.) has been impeded by diverse factors, including the institutional weakness of the Government, mainly at the local level, insufficient coordination of resources and economic stagnation. Civilians are frequently rearming themselves and common criminality is growing, including armed robbery, assassination and kidnapping.

8. Democratic practices have improved, however. The country enjoys a level of political freedom greater than at any moment of its history. The functioning of the branches of the State is increasingly independent and balanced. This progress in democratic practices was confirmed in 1994, through events such as the resolution of the crisis in the National Assembly without the intervention of other branches of State; the holding of elections, accepted by all parties, in the former war zone of the Atlantic coast; the demobilization of the last politically motivated armed group, the Frente Norte 3-80; and the approval of a law transforming the Sandinista Army into a National Army and consolidating its submission to civil authority. However, the country must still overcome obstacles as it moves toward long-term, stable democracy. In that context it is important to complete the economic, social and cultural reintegration of the demobilized combatants and to build confidence in democratic institutions as a means to improve the lives of the majority.

9. In the economic field, the framework for a market economy has been established and macroeconomic stabilization has been achieved, with control of the hyperinflation of the last decade. However, production has not been reactivated. With a GNP of about $1,800 million and external aid at approximately $700 million per year, stabilization has been maintained through a massive influx of foreign resources and not through endogenous resources. The country has not been able to improve substantially its participation in international markets. Exports, at approximately $250 million, remain far below imports and the balance-of-payments deficit lies between $600 and 700 million. The external debt is approximately $10,000 million, the highest per capita debt in the world. Foreign investment is negligible and the unresolved property issue remains a major bottleneck for the improvement of the investment climate.

10. The social situation has deteriorated. The country's population of approximately 4.2 million is growing at an annual rate of 3.7 per cent and the stagnation of GNP translates into a drop in per capita production amounting to 10 per cent in the period from 1990 to 1993. Current per capita GNP is $425, at the level of least developed countries. According to a recent survey by the Ministry of Labour, sponsored by the United Nations Development Programme/International Labour Organization/Programa de Empleo para América Latina y el Caribe, urban unemployment stands at 22.6 per cent and underemployment at 20 per cent. A survey on living standards by the National Institute for Statistics and Census, sponsored, inter alia, by UNDP, shows that 75 per cent of Nicaraguan families live below the poverty level, with 44 per cent in extreme poverty; 13.9 per cent of Nicaraguans are homeless and 56.7 per cent live in houses with only one bedroom; 35.7 per cent have to carry their drinking water; 17.4 per cent do not have sanitary facilities; and only 49.8 per cent have electricity; illiteracy reaches 26.7 per cent and 23.7 per cent of children do not attend school. The environmental cost of poverty is high: 72.2 per cent use wood as domestic fuel, 38.9 per cent burn their refuse and 17.1 per cent simply leave it outdoors.

11. Significantly, these difficult social conditions have not translated into social explosions. A probable determining factor is the strong tradition of organization, social discipline and solidarity of the Nicaraguan people. However, the growth of social disruption is manifested in begging, prostitution, the break-up of families and, above all, the rise in common criminality. At present the main threat to democratic governance does not lie in political conflict, but in the deterioration of the conditions of life and the subsequent loss of faith in democracy and its institutions.

12. Nicaragua, as other countries in transition, is presently facing important decisions going far beyond the present transition, which will profoundly influence the lives of all citizens for many years. Examples of such significant decisions are: the formulation of a national development strategy; constitutional reform; transformation of the State; negotiations for the reintegration of the Nicaraguan economy into the international economy, including renegotiation of the external debt and negotiations concerning long-term aid; and solutions to critical problems that impede progress, such as the property issue. Broad participation in those discussions and in the formulation of possible solutions to such questions would also help prepare national actors for a consolidated culture of peace.

13. As suggested above, in spite of the achievements of the Nicaraguan transition, the country has not been able to advance in all areas and there is a lag in the socio-economic field in relation to the political and macroeconomic areas. The narrowing of that gap and the harmonization of the different areas of activity are at present the priority of the Nicaraguan transition process. To achieve this, international cooperation, including aid for macroeconomic stabilization, must be adapted to the national situation and allow for the formulation and application of specific measures directed towards reactivation of production, as the only way to improve the lives of the majority.

14. Complicating these tasks, in April and September 1992 Nicaragua suffered disasters caused by the eruption of the Cerro Negro volcano and the tsunami that hit the Pacific Coast, respectively. Tropical storm Brett battered the Atlantic coast in August 1993, causing floods that led to evacuation and the loss of homes and crops.

II. ACTIVITIES OF THE UNITED NATIONS SYSTEM IN NICARAGUA PURSUANT TO GENERAL ASSEMBLY RESOLUTION 48/8

15. The following describes the activities of the United Nations system in Nicaragua during 1993-1994.

A. United Nations Development Programme

16. Activities to support reconciliation, pacification and democratic governance include the following:

(a) Secretariat of the Support Group for Nicaragua. As mentioned in paragraph 17 of General Assembly resolution 48/161, the Support Group for Nicaragua was, at the request of the Government of Nicaragua, established at Managua in May 1994. It consists of representatives of the Governments of Canada, Mexico, the Netherlands, Spain and Sweden. UNDP has been serving as technical secretariat for the informal group, whose objectives are to follow closely the Nicaraguan transition to peace, democracy and development, and to support internal consensus-building in the country. With its informal character, the Group complements rather than substitutes for formal bodies such as the Consultative Group, covering issues not fully addressed in the latter, such as social or political issues, and providing continuity to the dialogue between Nicaragua and the international community. The Support Group for Nicaragua has decided, as its first task, to back the national efforts to solve the property issue, relying basically on the current capacity of UNDP;

(b) Project on democratic governance and economic growth. This project, related to the strengthening of the UNDP resident representation in Nicaragua, has three objectives:

(i) For Nicaragua, to support democratic governance and economic growth through the formulation of an integrated and participatory strategy for Reactivación Solidaria (reactivation of the social infrastructure on an egalitarian basis);

(ii) For the UNDP resident representation, to increase its capacity to communicate with and inform the Government and civil society, in order to assist in the transfer of methodologies for democratic processes, to facilitate consensus and, based on the above, to develop new criteria to orient, coordinate and evaluate United Nations cooperation in the context of global aid to Nicaragua;

(iii) To identify in the short term new possibilities and modalities for foreign aid.

The project, financed by the Government of Sweden, began in July 1992, with the formation of a team led by the Resident Representative to develop a strategy for Reactivación Solidaria (see above) within the guidelines of the UNDP concept of human development.

(c) Support for the National Reconciliation and Rehabilitation Programme. Within the programme, two projects in the former conflict zones, with an integrated and participatory approach to demobilization and resettlement;

(i) The Development Programme for the Displaced, Refugees and the Repatriated, in the northern zone of the country, financed by the Government of Italy. In order to ensure its sustainability, the Programme is preparing its transfer to local development agencies in 1994;

(ii) The Project for the Integral Development of the Displaced, Refugee and Repatriated Population in the Autonomous Region of the South Atlantic, financed by the Government of the Netherlands.

The first phases of both projects were completed in 1994. Their second phases, directed towards local human development in the regions concerned, are being considered within the framework of the Third International Meeting of the Follow-up Committee for the International Conference on Central American Refugees with a view to supporting the transition between pacification and development in those areas.

17. Activities to support the rule of law and state reform include the following:

(a) Strengthening of the judiciary branch. A project to create local courts in all municipalities of the country and to raise the technical level of judges and improve their living conditions is being executed nationwide by the Supreme Court with financing from UNDP and Sweden;

(b) Incorporation of human rights in the training of military personnel. Following an army proposal and with Swedish financing, a permanent body under the Chief of Staff, in close collaboration with civil human rights and academic institutions, will educate military personnel in the observance of human rights;

(c) Reform of government institutions. With multilateral and bilateral cooperation, the Government of Nicaragua has embarked upon a process of state reform, coordinated by the Ministry of Finance. Within that programme, ongoing

projects relate to strengthening the Ministry of Finance and the National Public Administration Institute. A project has also been designed to set up reform of the civil service, particularly its managerial levels, and for the establishment of a macro-institutional policy;

(d) Decentralization and strengthening of local government. With the Nicaraguan Institute for Municipal Promotion, UNDP has continued its support to the decentralization process and to local government;

(e) Strengthening the media. On the basis that the exercise of freedom of expression is a fundamental element for human development, a project has been implemented with the Ministry of the Presidency to support private communications media, starting with the daily newspapers. The project aims at encouraging the media to move beyond a partisan, alarmist and sensationalist approach towards a de-polarized and more objective in-depth coverage. Mass media should thus be able to contribute to the national dialogue by analysing issues relating to the roots of conflict;

(f) Support to strengthen public entities. This project includes support to the Nicaraguan Institute for Social Security and Welfare to reform and decentralize the social security system and to provide support to the Nicaraguan Housing Bank in the formulation of housing strategies and plans; support to the Supreme Electoral Council; support to the Ministry of Foreign Cooperation; and support to the Ministry of the Presidency and to the National General Comptroller.

18. Activities to support education and culture include:

(a) National cultural plan. With Japanese funding, the Nicaraguan Institute of Culture has initiated a project that includes the formulation of a national cultural plan. The project started with the rebuilding of the former National Palace (seat of the legislative branch until the 1972 earthquake) to convert it to a national palace of culture, with a national library, museum and archives;

(b) Other projects include the reform of the Superior University Council, as a preparatory step toward university reform, and correspondence courses and adult education projects.

19. Activities to support economic reactivation include the following:

(a) Credit through a non-conventional financial intermediary. Restricted access to credit for small-scale landowners, rather than lack of funds, is seriously impairing economic reactivation in the countryside. To overcome this, a credit system for small and medium-sized rural enterprises has been designed and is being presented to international financial institutions and bilateral donors for financing and implementation. The system follows the rationale of conventional credit but uses as an intermediary the existing network of grassroots financial and service organizations. An agreement on rural credit policies that allows for joint support to that system has been reached among the United Nations, the Inter-American Development Bank (IDB) and bilateral agencies;

(b) Foreign trade and investment. A project with the Ministry of the Economy and Development continues, aimed at reintegrating Nicaragua into international markets and at strengthening the National Fund for Investment. Cooperating agencies are the United Nations Industrial Development Organization (UNIDO), the United Nations Conference on Trade and Development (UNCTAD) and the International Trade Centre UNCTAD/GATT;

(c) Agriculture. Within the framework of the International Conference on Central American Refugees, support to the Ministry of Agriculture has continued in the areas of agricultural statistics, agricultural technical assistance and in the formulation of an agricultural programme;

(d) Support to micro-scale enterprises. Support has continued to the micro-scale enterprises programme recently set up as a decentralized entity responsible directly to the Presidency.

20. Activities to support community participation and improvement of living conditions have been carried out with the Ministry of Social Action, which coordinates government activities in the social area:

(a) Community development. This project seeks to organize communities in every Nicaraguan municipality for the definition of their agenda of needs (social agenda) and for the participatory management of public investment resources;

(b) Formulation of social policies. This project seeks to strengthen the existing base of social data (through surveys and other means) and to support the development of an integrated social policy;

(c) Regional unit for technical assistance. In cooperation with the World Bank, this Central American regional project supports the development of social policies;

(d) Support to the Social and Emergency Investment Fund. This Fund, financed with IDB resources, has been integrated with community development projects in order to facilitate the participatory allocation of resources.

21. Activities to support environmental conservation and protection include:

(a) Environmental action plan. Support is provided to the Ministry of the Environment and Natural Resources for the formulation of a Capacity 21 project to implement the environmental action plan;

(b) Sustainable development network. A non-governmental organization has been created with the participation of public and civic institutions to promote electronic information exchange, coordination and dialogue in the environmental area;

(c) Other activities include satellite connection for sustainable development, INTERNET linked through V-SAT; development of ecotourism, together with the Ministry of Tourism, in the area of Río San Juan; and developing a biodiversity strategy through the Global Environment Facility.

B. Agencies and other organs of the United Nations system: contributions in different fields

22. The paragraphs that follow provide a brief description of contributions by United Nations agencies and bodies other than UNDP.

1. United Nations Capital Development Fund

23. Projects relating to economic infrastructure in former conflict areas (water supply, sanitation, storage facilities, bridge construction, etc.) are being carried out with a participatory approach in the area covered by the Development Programme for the Displaced, Refugees and the Repatriated to complement post-war rehabilitation. They are critical for strengthening the peace process through economic recovery in the northern region.

24. A project on rural non-conventional credit will be directed towards small and medium-sized farmers and enterprises in the northern region of the country, in coordination with other UNDP credit projects.

2. United Nations Population Fund

25. An education programme on population problems aimed at promoting awareness of the demographic situation among young people and encouraging them to take a responsible attitude towards family planning and at preventing discrimination against women. The programme is being implemented by the Ministry of Education.

26. UNFPA supports the Nicaraguan Institute of Statistics and Census in identifying sources of funding and training national personnel to carry out a population and housing census.

3. World Food Programme

27. With the Ministry for Social Action, a programme of support for the socio-economic rehabilitation of the population affected by the war is being executed in regions damaged by the war and at present those most affected by poverty.

28. A milk distribution programme is being carried out by the Ministry of Education. It benefits 440,000 children of school age.

29. A programme for dairy development is also under way.

4. United Nations Children's Fund

30. The programme for integrated basic services is being carried out with the Ministry for Social Action and is directed toward women and children affected by war and poverty. It covers health, education, water and sanitation, with

particular attention to minors in difficult circumstances, and activities aimed at the organization and participation of women.

31. As regards alternative modalities of care for children in difficult circumstances, the concept of "street educators" is being developed, in cooperation with government agencies and non-governmental organizations.

32. UNICEF health and education programmes strengthen the municipal health networks with volunteer brigades, train health centre personnel, strengthen participation in immunization campaigns and assist in infant health care. They also support adult education programmes, particularly the women's literacy programme, and the creation of community kindergartens.

33. The UNICEF water and sanitation programme involves construction of latrines, wells and irrigation infrastructure.

5. Food and Agriculture Organization of the United Nations

34. FAO is running a project for the conservation and management of environmental resources with community participation, centred on the disaster zone of the Cerro Negro volcano. FAO has also supported the rehabilitation of agricultural activities in the same region.

35. Other activities include strengthening of women's management of agricultural production; support for grain and meat production and the fishery sector; support to food security planning; and Central American regional projects of rural development and communication for rural development.

6. International Fund for Agricultural Development

36. IFAD has activities aimed to assist the poorest farmers in the northern region of the country, to include training, credit, the encouragement of sustainable agriculture and soil conservation. The World Food Programme (WFP) will participate through food for work.

7. World Health Organization/Pan American Health Organization

37. Activities include the rehabilitation of health infrastructure, infant immunization and training of human resources.

8. United Nations Educational, Scientific and Cultural Organization

38. Activities focus on the improvement of the Nicaraguan education system, Central American projects to strengthen education in rural areas and the preparation of texts and reading materials for basic education.

9. United Nations Centre for Human Settlements (Habitat)

39. Habitat activities include assisting, with UNDP and third-party financing, the national programme for human settlements to formulate a policy for self-help construction, to organize model urban productive communities and to supervise municipal property registers; strengthening the decentralization process and promoting the financial autonomy of municipalities; and implementing a water and sanitation programme in the Autonomous Region of the South Atlantic.

Notes

1/ See Official Records of the General Assembly, Fortieth Year, Supplement for April, May and June 1986, document A/40/1119-S/18106, annex.

2/ Ibid., Forty-second Year, Supplement for July, August and September 1988, document A/42/521-S/19085, annex.